



General Information on Higher Education and the Just-Passed 2006-07 State Budget

Last night (June 27th), the California State Senate and Assembly passed AB 1801, the main Budget Bill for the upcoming 2006-07 fiscal year. The Senate vote was 30 – 10 and the Assembly vote was 54 – 23. The Houses also approved the companion bills for the budget, including AB 1811, the main companion to the budget bill, and AB 1802, the primary education trailer bill.

The proposed 2006-07 State budget includes approximately \$131 billion in State spending from various sources. It accelerates repayment of nearly \$3 billion in funds borrowed from various other sources in recent years. It provides additional billions in new funding to education (mostly K-12) in large part due to the \$7.5 billion surge in State revenues that was noted last month. While details of the budget are not fully known, we are reasonably sure that the following items survived from the Conference Committee version of the budget that was adopted a couple of weeks ago:

- It allocates more than \$15 billion in combined general purpose funding (State, local, student fee revenue, selected other funds) to California higher education. This is nearly 7% higher than in 2005-06.
- These funds include \$11.3 billion in State General Fund support for higher education, 9% above current year levels.
- The public segments' General Fund base funding increases are **estimated** at:
 - CSU – \$130 million, just under 6% increase;
 - UC – \$156 million, just over 5% increase;
 - CCC – \$312 million, just under a 6% increase.
- Segmental enrollment growth funding is **estimated** at:
 - UC – 2.5% enrollment growth, \$41.6 million for 5,149 new FTES;
 - CSU – 2.5% enrollment growth, \$47.5 million for 8,306 new FTES;
 - CCC – 2% enrollment growth, \$97.5 million for approximately 23,300 new FTE students.
- No increases in systemwide student fee levels at UC and the CSU, with the \$129 million in estimated lost fee revenues backfilled with State General Funds.
- A reduction in the systemwide student fee level at the CCC, from the current **\$26** per unit to **\$20** per unit, effective in Spring 2007, with \$40 million in estimated lost fee revenues backfilled with Proposition 98 General Funds.
- \$159 million to fully fund CCC equalization; this funding is tied to the enactment of pending legislation SB 361 (Scott) to revise the formula for allocating future funding to CCC districts.

- \$10.5 million for various UC, CSU, CCC nursing initiatives, including funding for expanded nursing enrollments, nursing faculty recruitment, and targeted student financial aid.
- \$26.3 million in General Funds to support academic preparation programs at UC and CSU (the Governor's budget had initially proposed no State monies for these programs).
- A compromise marginal cost funding methodology that will provide essentially the same level of per-student funding for new enrollments as that proposed by the Governor. This new formula will result in increased funding over 2005-06 levels of approximately \$10 million for UC and \$13 million for CSU.
- \$2 million for the new UC – CCC "Joint Transfer Initiative for Access and Success," a comprehensive program of services designed to increase the enrollment of prospective transfer students from educationally disadvantaged backgrounds into the University of California.